



September 25, 2012

Mr. Felix Nkulukusa
Permanent Secretary
Ministry of Finance
Lusaka

**SUBJECT: USAID/Zambia Development Cooperation Agreement Number
611-000-G-11-0000: Implementation Letter Number 1 Incremental
Contribution to the Development Objectives**

Dear Mr. Permanent Secretary:

This Implementation Letter (IL) is issued in accordance with the Development Cooperation Agreement number 611-000-G-11-0000, dated September 27, 2011, which was entered into by the Government of the Republic of Zambia (GRZ) and the Government of the United States of America (USG) acting through the United States Agency for International Development (USAID) (hereinafter the "DCA").

Pursuant to Article 3.1(b) of the DCA, this IL seeks your acknowledgement and records our mutual agreement on an incremental contribution by USAID to be obligated under this IL in the amount of Forty-Six Million Nine Hundred Forty-Nine Thousand Eight Hundred Four U.S. Dollars (\$46,949,804) which increases the total grant amount in Article 3.1 (a) from One Hundred Seventy Million Seven Hundred Thirty-Nine Thousand Seven Hundred Ten U.S. Dollars (\$170,739,710) to Two Hundred Seventeen Million Six Hundred Eighty-Nine Thousand Five Hundred Fourteen U.S. Dollars (\$217,689,514) consistent with Annex 5 of the DCA.

This incremental funding will support Development Objective 2: Rural Poverty Reduced in Targeted Areas (\$6,900,000); and Development Objective 3: Human Capital Improved (\$40,049,804). This brings the total amount by DO to:

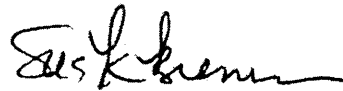
DO1 Enabling Governance Environment Improved	\$1,626,000
DO2 Rural Poverty Reduced in Targeted Areas	\$26,592,728
DO3 Human Capital Improved	\$189,470,786

The attached illustrative financial plan has been modified to reflect this incremental contribution and replaces the prior illustrative financial plan in its entirety.

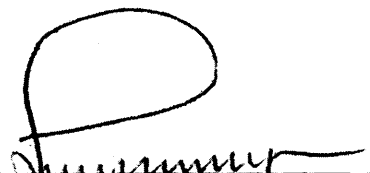
Please acknowledge to USAID concurrence with this IL by signing two originals of this IL in the space provided. One original should be returned to USAID with the other to be retained for your files.

USAID/Zambia appreciates the opportunity to work with the GRZ to achieve the development objectives mentioned above. We look forward to our continued collaboration.

Sincerely,



Susan K. Brems, Ph.D.
Mission Director

Concurrence: 
Mr. Felix Nkulukula
Permanent Secretary
Ministry of Finance

Date: 26th SEP. 2012.

Cc: Dr. Peter Mwaba
Permanent Secretary
Ministry of Health

Ms. Mirriam Chinyama Chonya
Permanent Secretary
Ministry of Education

Dr. Patrick Nkanza
Permanent Secretary
Ministry of Education

Dr. David Shamulenge
Permanent Secretary
Ministry of Agriculture

Development Cooperation Agreement and USAID Assistance FY2012

Illustrative Financial Plan

	Obligation To- Date	Planned Obligation Through This Action	Total Obligations as of this Action
2.4 Civil Society	1,626,000		1,626,000

	Obligation To- Date	Planned Obligation Through This Action	Total Obligations as of this Action
3.1 Health	858,628	-	858,628
3.1.1 HIV/AIDS	858,628		858,628
4 Economic Growth	18,834,100	6,900,000	25,734,100
4.5 Agriculture	14,000,000	6,900,000	20,900,000
4.8 Environment	4,834,100		4,834,100

	Obligation To- Date	Planned Obligation Through This Action	Total Obligations as of this Action
3.1 Health	139,420,982	30,049,804	169,470,786
3.1.1 HIV/AIDS	111,719,489	4,365,252	116,084,741
3.1.2 Tuberculosis	84,000	104,000	188,000
3.1.3 Malaria	9,375,493	5,891,552	15,267,045
3.1.6 Maternal and Child Health	7,387,000	8,002,000	15,389,000
3.1.7 Family Planning and Reproductive Health	7,561,000	7,987,000	15,548,000
3.1.8 Water Supply and Sanitation	200,000	100,000	300,000
3.1.9 Nutrition	3,094,000	3,600,000	6,694,000
3.2 Education	10,000,000	10,000,000	20,000,000
3.2.1 Basic Education	10,000,000	10,000,000	20,000,000
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Total Development Cooperation Agreement	170,739,410	46,949,804	217,689,214

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FUNDS AVAILABLE

CONTROLLER'S OFFICE USAID/ZAMBIA

DATE: 9/26/12

2009/26/12

2009/26/12

2009/26/12